



Financial Guarantees

For Commercial Permits

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A DDES Customer Information Bulletin



King County Department of Development and Environmental Services
900 Oakesdale Avenue Southwest Renton, Washington 98055-1219

<http://www.metrokc.gov/ddes/>

Frequently Asked Questions

King County DDES has created customer information bulletins to inform the general public about the effect of codes and regulations on their projects. These bulletins are not intended to be complete statements of all laws and rules and should not be used as substitutes for them. If conflicts and questions arise, current codes and regulations are final authority. Because the codes and regulations may be revised or amended at any time, consult King County staff to be sure you understand all requirements before beginning work. It is the applicant's responsibility to ensure that the project meets all requirements of applicable codes and regulations.

What is a financial guarantee?

A financial guarantee (FG) is a form of financial security posted by the applicant for a project to ensure timely and proper completion of improvements and compliance with the King County Code (K.C.C.). It serves as a mechanism to warranty materials, workmanship of improvements, and design performance of structures and/or improvements. FGs include assignments of funds, cash deposits, surety bonds, or other forms of financial security acceptable to the Director of the Department of Development and Environmental Services (DDES).

What authorization does King County have to require financial guarantees?

King County Ordinance 12020 (K.C.C. Title 27A), adopted November 16, 1995, establishes the authority and procedures for accepting and enforcing FGs, with the intent of ensuring that development projects are completed and maintained in accordance with County approval conditions.

How are the values for these financial guarantees determined?

The amounts of the FGs are based on the schedules appropriate to the required work. Values on the Bond Quantity Worksheet (BQW) are based on the R.S. Means construction costs data, adjusted for the Northwest Region, which are updated on a periodic and frequent basis to ensure that the amount fully captures work element costs. All FGs shall also include a contingency in an amount determined by the Director. The applicant or consultant will be provided with the appropriate BQW for the work that is required. The BQW will be completed by your consulting engineer or landscape architect, as applicable, AND verified by DDES against the approved plan.

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Who may post a financial guarantee?

Only the applicant/owner of the property may post the FGs required for a building permit, however, it is important to remember that whoever posts the guarantee is responsible for completing the work. Therefore, if you should sell a project and do not require the purchaser to replace your guarantees, you will still be held responsible for completing the work.

How many financial guarantees will I need to post for my project and when must I post them?

The number of FGs and the timing for posting them will depend on the type and complexity of the project you are proposing. If you have questions that are not answered by the following explanations, please contact the Department at 206-296-6600 for more information.

A Preliminary Issuance Construction Approval (PICA)/Section 309: Authorization will require that a FG be posted before the PICA letter will be issued. This authorization may be granted for holders of permit applications that conform to Section 309 of the amended 1994 Uniform Building Code. Applicants must request a PICA, in writing, if they believe circumstances warrant approval of starting construction before approval and issuance of the building permit.

Right-of-Way Restoration and/or Site Stabilization/Restoration: An FG is required for all work in an existing King County right-of-way and any work associated with erosion/sedimentation control or drainage restoration on the site. For this FG, the first \$7,500 must be in **cash** (refer to DDES Public Rules Chapter 9-04 for further clarification). The remainder of the FG may be cash, a surety bond, or an assignment of funds. The FG(s) must be posted before the right-of-way permit will be issued or any on-site work begins.

Landscape Installation and Maintenance: Landscape FGs are required on commercial sites to ensure the completion and improvement of required landscaping, in accordance with the approved site plan, within three months following issuance of any Certificate of Occupancy. The Director has the option of extending the time limit for compliance with the landscaping requirements for up to one year after issuance of the occupancy certificate, if circumstances beyond the control of the applicant warrant an extension.

If all the required landscaping has been installed and approved before the request for a temporary or permanent occupancy certificate, a Performance FG will not be necessary. In such a case, a two-year Landscape Maintenance FG is required. The Director may extend the time period for the Landscape Maintenance FG for one year, if necessary, to cover a planting and growing season. The Landscape Installation and Maintenance FGs may be posted as cash, a surety bond, or an assignment of funds.

Site Development: An FG is required for any site improvement to cover the cost of complying with conditions of the permit or approval. This includes any corrective work necessary to provide drainage consistent with approved plans and conditions, to remove geologic hazards, and to protect water quality and the public health, safety, and welfare. No temporary Certificate of Occupancy shall be issued until drainage facility improvements are functional, required parking is provided, and safe access is provided. If no life safety hazards exist, the Director may allow the site development guarantee to be posted for some or all of the improvements mentioned above (drainage facility, required parking, and safe access). A request for the amount of this site development FG must be in writing, accompanied by a schedule for completion of the required improvements. The Site Development FG may be posted as cash, a surety bond, or an assignment of funds.

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Sensitive Areas: An FG is required for mitigation in sensitive areas pursuant to K.C.C. chapter 21A.24, in an amount sufficient to guarantee that all required mitigation measures are completed within the timeframe established by King County. A performance and maintenance guarantee shall also be required for restoration of a sensitive area or buffer not performed as part of a mitigation or maintenance plan, except that no FG shall be required for minor stream restoration carried out pursuant to K.C.C. chapter 21A.24. For maintenance guarantees, the FG shall be sufficient to guarantee satisfactory workmanship, materials, and performance of structures and improvements for a period of up to five years. These FGs must be posted before permit issuance.

Public development proposals shall be relieved from having to comply with the provisions of this section if public funds have previously been committed for mitigation, maintenance, monitoring, or restoration.

A Grading Operation FG may be required if work at the site involves extensive import or export of materials or significant disposal of construction demolition debris.

In addition to the FGs identified above, King County may require other FGs depending on the type of project you are proposing. These may include the following:

Two-Year Right-of-Way Maintenance and Defect: This FG is required to warrant the successful operation and maintenance of improvements and to guarantee the workmanship, materials, and design used in construction of these improvements in a County right-of-way.

Two-Year Drainage Facility Maintenance and Defect: This FG is required to warrant the successful operation and maintenance of any public drainage facility improvement and to guarantee the workmanship, materials, and design used in the construction of these improvements in a County right-of-way.

Why am I required to post the \$7,500 cash for the right-of way restoration and/or site stabilization/restoration FG?

This FG requirement provides the County with resources to act swiftly if circumstances demand rapid action to either protect the safety of the public or to prevent damage to property (refer to DDES Public Rules Chapter 9-04 for further clarification).

What is the process for releasing FGs?

Following completion of the work specified in the terms of the FG agreement, a DDES inspector (either from the Land Use Services Division or the Site Review Unit) will inspect the site and approve the work performed. The Financial Guarantees Management Unit (FGMU) is then notified that all conditions have been met, and the FG is released. FGMU then prepares a release letter that is sent to both the applicant and the surety company or bank [guarantor]. In the case of a cash guarantee, an accounts payable voucher is prepared and sent to the King County Office of Finance for processing. A cash release takes approximately two weeks to process once FGMU has the release authorization.

Right-of-Way and/or Site Stabilization/Restoration and Site Development: These FGs will be released after notice of final construction approval. Before this FG will be released, the site inspector must sign off that all permit fees are paid to date, maintenance and defect guarantees (as applicable) are posted, and the development site has been inspected. In addition, the Director must give approval that the conditions and requirements of the permit, as specified in the FG, have been met and grant final construction approval, if applicable. All that

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is required from the developer is a request for a final construction approval inspection. DDES will process the release automatically once these requirements are met.

Landscape Installation: These FGs will be released after the developer has notified the Financial Guarantees Management Unit (FGMU), in writing, that all landscaping has been installed and an inspection by DDES verifies that the landscaping meets all conditions of the approved plan. Release of the Landscape Installation FG also requires that a Landscape Maintenance FG has been posted, and all related fees have been paid.

Landscape Maintenance: These FGs will be released two years after approval of the installation and following an inspection by DDES to verify that all landscaping has been maintained according to the approved plans.

Sensitive Areas FG will be released after the monitoring period has expired; all applicable reports have been submitted, reviewed, and approved by DDES; and all associated fees have been paid. The performance amount will be reduced to a maintenance amount (e.g., 30% of the performance amount or \$1,000, whichever is greater) after all mitigation measures have been completed, inspected, and approved by DDES.

Two-Year Right-of-Way Maintenance and Defect: This FG will be released by the Department of Transportation a minimum of two years from the date that final construction approval was issued for the project and the conditions specified in the FG have been met.

Two-Year Drainage Facility Maintenance and Defect: This FG will be released by the Water and Land Resources Division a minimum of two years from the date that final construction approval was issued for the project and if the conditions specified in the FG have been met.

What happens if I fail to comply with any of the conditions and terms of the permits and/or approvals covered by the financial guarantee?

The Director will notify the applicant/guarantor of the default, in writing. Determination of default shall be made if an inspection indicates that improvements need to be corrected or completed. If satisfactory assurance is not received by DDES within a time period determined by the Director, the conditions of default will be appropriately corrected. DDES has the option of taking the following action:

- ◆ Order the applicant to perform all necessary corrective work
- ◆ Demand payment on the FG(s)

The guarantor will be held responsible, up to the limits of the FG, for payment of any and all costs and expenses that have been or will be incurred or expended by King County in completing any and all required work. If total costs associated with the required work exceed the amount of the guarantee, the applicant shall remain responsible to King County for the payment of any remaining amount.

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Other bulletins and telephone numbers that may be helpful

Bulletin 1	Building and Development Permit Telephone Numbers
Bulletin 3	Demolition Permits
Bulletin 8	Commercial/Multi-family Building Permits
Bulletin 11	Street Addresses and Road Names
Bulletin 13	Fire Systems Permits
Bulletin 16	Shoreline Erosion Control
Bulletin 17A	Zoning Code: Overview and Summary
Bulletin 21	Sensitive Areas Review
Bulletin 23	Certified Wood Stoves
Bulletin 26	The SEPA Process
Bulletin 28	Clearing and Grading Permits
Bulletin 29	Drainage Review
Bulletin 31	Right-of-Way Use Permits
Bulletin 36	Mechanical Permits
Bulletin 37	Water Problems
Bulletin 40	Financial Guarantees
Bulletin 42	Laws and Rules Governing Building and Development
206-296-6600	DDES Information
206-296-7110	DDES Financial Guarantees Management Unit (FGMU)



King County complies with the Americans with Disabilities Act (ADA). If you require an accommodation to attend a meeting (two weeks notice) or require this information in Braille, audiocassette, or large print, please call 206-296-6693 or TDD 206-296-7217.